Starnawska, Marzena

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FACULTY OF MANAGEMENT AND ECONOMICS

THEORIZING ON SOCIAL ENTERPRISE BEHAVIORS IN CHALLENGING ENVIRONMENTS – EVIDENCE FROM FIVE SOCIAL COOPERATIVES IN POLAND

Marzena Starnawska*

GUT Faculty of Management and Economics

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* Gdansk University of Technology, Faculty of Management and Economics,
mstarnaw@zie.pg.gda.pl (corresponding author)

Theorizing on social enterprise behaviors in challenging environments – evidence from five social cooperatives in Poland

Marzena Starnawska[1]

ABSTRACT

Entrepreneurial behavior in challenging institutional environments have been widely investigated in the literature. One of the characteristics of these environments is resource scarcity. This is particularly valid in the context of social entrepreneurship and social enterprises. The aim of this paper is to identify entrepreneurial behaviors in social entrepreneurship and what is happening behind these processes in the context of transition country, against the backdrop of challenging environment and weak institutional framework in particular in Poland. We use a purposive sample of 5 social cooperatives, and report the data from several in-depth interviews with their representatives as well as observation from the cooperatives. We have attempted to widen the existing categories on entrepreneurial behavior namely boundary blurring and diversification, and discuss them in social entrepreneurship context.

Keywords: social entrepreneurship, social enterprise, entrepreneurial behavior, social cooperatives, institutions

JEL: L31, L26, P13, D22, D02

[1] Gdansk University of Technology, Faculty of Management and Economics, Narutowicza 11/12, 80-233 Gdansk, Poland. (mstarnaw@zie.pg.gda.pl). Work on this paper was financed as part of National Science Centre (NCN) project no 2011/03/D/HS4/04326

1. Introduction

Entrepreneurship has been a subject to many discussions throughout many disciplines and researched with the use of many methodological approaches. Also, the interest of researchers also moves towards the domain of social entrepreneurship. Although the debate has been mainly focused on definition related issues, like Zahra et al (2009), provide for example 20 of them[2] there has not been a consensus reached yet. But generally, it is agreed that social entrepreneurship is '*entrepreneurial activity with an embedded social aim'* (Austin, Stevenson and Wei-Skillern, 2006).

Theoretical and practical debate, has moved into three schools: the 'earned income' approach, 'Social innovation' approach and 'EMES' approach. In Poland, the social entrepreneurship and enterprise debate and discourse is closest to 'earned income' approach where there is a strong emphasis on income generation and pressures for less dependence on the state on the side of social enterprise organizations such as associations, foundations, cooperatives and others. They have gained social enterprise label but still, despite 7 years of legislative effort there has not been a social enterprise as a legal construct introduced into the system (Ciepielewska - Kowalik, Pieliński, Szymańska, Starnawska 2014). The second approach, 'social innovation', discusses introduction of innovative solutions in society and economy, and is manifested by hero entrepreneurs, local or global change makers. The third, 'EMES approach', only for the last couple of years has become a subject of interest in Polish academic and wider practical debate (Herbst, 2008). EMES nine guiding criteria that an organization should meet to be closer to 'an ideal' type of social enterprise (Defourny and Nyssens, 2013) such as continuous provision of goods or services, undertaking economic risk, hiring paid employees, clear goal oriented towards benefits of local community, bottom up initiative, high level of independence from other organizations, non-profit distribution, participative nature of the enterprise and decision making not based on share in ownership (rule: one man-one vote). In fact on the basis of these 9 guiding criteria we have decided to undertake our research project among social cooperatives, as they are closest to them when compared with other social enterprise models in Poland (see more: Ciepielewska et al., 2014)

There is a lack of studies on social entrepreneurship in Poland with a number of few large scale studies on the social enterprises except for a work by Wronka (2014) and some qualitative works such as for example valuable discussion in Ochinowski's (2010) report. It is

[2] The discussion on the definitional debates is not the focus of our paper. That is why we briefly outline our definitional approach and in the methodological part of the paper clearly we clearly indicate the type of social enterprises that have been selected for the purpose of the research.

claimed that there is not only limited interest among researchers, but also lack of the legal entity such as social enterprise in Polish legislation, and lack of interest on academic side side to explore entrepreneurship with social aim. Economists, political scientists and sociologists in Poland when discussing social enterprise problems, are more likely to talk about social economy and social economy organizations (Ciepielewska et al., 2014) and problems regarding social policy, social work.

Significant restructuration and socio-economy changes in many European economies for the last 25 years led to a new stream of research in entrepreneurship, called institutional perspective, attempting to explain the influence of institutional context on entrepreneurial behavior (Aidis, Estrin and Mickiewicz, 2008; Smallbone and Welter, 2006; Welter and Smallbone, 2011). So transition economy, with its weak institutional framework, becomes an important determinant for entrepreneurship, social entrepreneurship too. This weak framework contains flaws, inconsistencies, is turbulent, and involves ambiguity and a lot of bureaucracy. This strongly influences the nature of entrepreneurship in transition countries where the dominant type of entrepreneurship is necessity based entrepreneurship and entrepreneurs are rather proprietors (Scase, 2003), not reinvesting their profits, but consuming them for personal needs. Institutions as rules of the game (North, 1990) can constrain or facilitate entrepreneurship. If formal and informal institutions are consistent, they are both even more effective, yet, as we discuss later in the paper it seems that on formal side they are still underdeveloped and weak, and on the informal side, there framework seems constraining.

Challenging institutions mean also weakened access to resources. Indeed, apart from grants from public funds and some additional benefits given to social enterprises in Poland, like we describe later in the paper, there are scarce external funds to support social entrepreneurship development. Only one, nation-wide agency, FISE, has recently started making numerous efforts to provide loans and guarantees for social enterprises in Poland. But resource scarcity is also inherent in the nature of entrepreneurship, considering the liability of smallness and liability of newness (Hannan and Freeman 1997; Stinchcombe, 1965). Social enterprises in Poland have not reached strong legitimacy in the society and economy. The profit seeking activities have been considered unsuitable for non-profit organisations for a long period of time in Poland, and ‘money making’ was considered as ‘dirty business’ for non-profits (Ciepielewska-Kowalik et al, 2014). There was a common understanding that non-profit organisations should rely on external donations, volunteer work. This changed with Polish accession to the UE in 2006. Social enterprise organizations such as NGOs, started running business activity. Also, one should mind, that not earlier than in 2006, the legislation

on social cooperatives was introduced, so one can imagine short business experiences social cooperatives have had on the market. In fact they are still, quite often regarded as not serious business partners, their products considered as low quality ones.

What is more, social enterprises in particular, operate in a resource poor setting because they deliberately choose to operate where resource deficiencies are. It is in the nature of social enterprises to look for and take opportunities in the resource poor environments in contrast to commercial enterprises that locate their activity in the markets that secure their growth. Their non-distribution restriction put on the surplus they generate, does not allow these entrepreneurs to tap into capital markets. Also staff cannot be rewarded in social enterprises as in commercial ones. Therefore, many of the involved in social enterprise, need to rely or non-financial rewards for their work and contribution.

In our research, we have chosen to collect and analyse data on social cooperatives as social enterprises in Poland (see more: Ciepielewska et al., 2014). Social cooperatives meet the criteria of social enterprise according to EMES guidelines (Herbst, 2006) and, in terms of numbers, are one of the most growing social enterprises in Poland.. The dynamic growth in their numbers (which are still very low) and a peculiar context of Poland, as well as resource challenges social entrepreneurship faces, makes a very interesting start for further discussion on the development and entrepreneurial behaviours of social enterprises from this organizational field.

In this paper our aim is to identify the entrepreneurial behaviors in social entrepreneurship and what is happening behind these processes in the context of a transition country, Poland.

Today in Poland, entrepreneurship and social entrepreneurship in particular, faces challenging, institutional framework. This is particularly the case for social enterprises, who operate in resource poor environments.

2. Entrepreneurial behaviors and strategies against the backdrop of challenging environment

In the context of challenging institutional framework that can hinder or enhance entrepreneurship as a start-up or as a business operation there is a number of entrepreneurial behaviors (Peng, 2001; Smallbone and Welter 2006; Welter and Smallbone, 2011) that can be identified. Most of these entrepreneurial behaviors are described in the context of transition countries especially in their early-stage, characterized by high corruption levels, large share of

informal economy and many institutional deficiencies. But also entrepreneurship itself requires resources and resource limitations have always been important issues in entrepreneurship research. In the literature, there are a number of ways in which entrepreneurs find and get access to resources in resource poor environments. The literature distinguishes a number of entrepreneurial behaviors and strategies as a response to challenging environment, we summarize them below:

-*networking* – entrepreneurs use their personal contact networks, particularly in case where existing existing system for entrepreneurship support is not sufficiently helpful. This takes place in developing formal institutional framework or when formal institutions do not guarantee security, contract enforcement for economic transactions. Then, social networks work not only as a substitute for missing formal institutions but become institutions themselves. One of the most common examples are Chinese *guanxi* and Russian *blat* (Ledeneva, 2008), which have deep historical and cultural roots, when there is a lack of trust towards formal institutions or formal institutions do not secure property rights, contract enforcement and many other institutions that are of key importance for entrepreneurship. Also networks play utmost importance in securing resource access : be it tangible or intangible such as: information, knowledge, physical resources (Johannisson, 2000; Aldrich and Zimmer 1986, Birley, 1985, Greve and Salaff 2003). Because an entrepreneur is socially embedded, he/she uses his/her personal network such as family, friends for gaining support, experience. On the other hand entrepreneurs build relationships with other businesses, organizations.. Building and maintaining network relationships with large enterprises, especially in services as these are more focused on relationship building, is of particular importance for start-ups (Peng, 2001).

- *boundary blurring* - meaning blurring the boundaries between private and private sector, also between what is legal business and what is informal business. The former case describes privatization of state enterprises when old cadres from communist regime became managers of the same but privatized enterprises (Estrin et al, 2005). Peng (2001) provides examples for Chinese companies but these processes were characteristic for many other transition countries. Other more valid in this paper discussion on resource scarcity dimension of boundary blurring is between informal, set in shadow economy and legal, formalized activity. In transition period, lack of formal regulations leads to evasion behaviors like tax evasion, moving to shadow economy. Such behaviors lead to tax payment reductions, even bribery, in situations when they are too high, and resources are in scarcity (Smallbone and Welter 2006). Feige (1997) calls it a legacy of non-conformance. Some authors talk about

evading behaviors, meaning evading the existing institutions (Henrekson and Sanandaji, 2011), where entrepreneurs go into the shadow economy to avoid taxation, not conducive formal institutions such as bureaucracy, red tape .

- *prospecting* – type of behavior characteristic for proactive and offensive entrepreneurs, focused on innovations. Their organizations are flexible and use guerilla marketing approach. In contrast to defensive entrepreneurs, with a stable client base, offensive entrepreneurs do not carry the burden of previous communist regime. They also do much better on the market (Peng, 2001) .

- *portfolio entrepreneurship*, that is a response to lack of opportunities for acquiring external capital, or too much fluctuation in demand for the enterprise products. This portfolio behavior makes an enterprise less visible for market regulation institutions, gives more possibilities for using shadow economy. This type of behavior falls into the concept of institution evading behavior proposed by Henrekson and Sanandaji, (2011)

- *financial bootstrapping* which is typical in cases as above – where there is lack of financial resources or lack of institutions that can provide these resources. Entrepreneurs use informal ways of financing the business at zero or very low cost or turn for help to family, friends. Also habitual entrepreneurs, who use the capital from their first ventures to invest in new ones. Also, they can act as serial entrepreneurs because of parallel ventures in shadow economy. (Smallbone and Welter 2006). Bootstrapping is deliberate to avoid financing from outside capital owners. DiDomenico et al (2010) resume different methods here such as: financing by the owner, reducing the money that other firms owe, sharing staff or equipment with other firms, delaying payments to others or reducing inventory to minimum.

- strategies of effectuation and *bricolage*. The former means that an entrepreneur, instead of expecting to follow one clear plan and definite objective, responds to alternatives induced by the uncertainty in the environment. This reminds a patchwork quilt making, as Ventakamaran and Sarasvathy (2001: 664) say *"while each patch used in the quilt is rather arbitrary piece of fabric, some belonging to the quilter and others brought to them at one time or another by friends, a good quilter manages to construct an aesthetically appealing and even meaningful pattern*". The latter steams naturally from effectuation. *Bricolage* is about "making do (…) resources at hand" (Baker and Nelson, 2005: 333). DiDomenico et al (2010) argue, that these resources are unutilized or discarded by others, or received at no price.

- adaptive behaviours, when entrepreneurs have to cope with administrative burden and red-tape for example (Smallbone and Welter, 2006). These authors report an example of very

small Belarrusian enterprises who hire tax consultants to help them deal with tax regulations that are extremely complex. But adaptive behaviours are required in extreme resource scarcity situations and institutional complexity and chaos. In authors' opinion adaptive behaviours cover some of the behaviours discussed earlier.

3. Social cooperatives as social enterprises in Poland

According to most recent data, there are about 1281 social cooperatives in Poland[3], with **63** coops in Pomeranian province (**22** got registered in 2014); and with **97** in Warmian-Masurian (**15** got registered in 2014)[4]. This has been a significant growth in their numbers as in 2009 there were 187 social cooperatives, in 2010 there were 276, in 2011 there were 402 social coops. Some rare data on social cooperatives in Poland[5] (Informacja, 2012) informs that they are constituted by natural persons (94%), by legal persons (1%). Cooperatives between 5 to 9 members cover about 80%, smaller cooperatives (below 5 members) make 10% and larger ones (10 or more members) constitute 10% of the population. The choice of the type of business activity is determined: to the largest extent by the skills and educational background of the member (among more than 28% of the social cooperatives), market knowledge and market research (almost 27 %)[6]. It is interesting to note that more than 47% of the population has strategy for development of their enterprise. More, social cooperatives collaborate with non-government organizations in the following areas: experiences exchange (24%), bilateral information sharing (18%), co-working in individual projects (17%), providing services for NGOs (15%)[7]. Among some of the most common external challenges social cooperatives mention: lack of understanding of social coop problems on the side of local authorities (28%), problems with gaining new orders and contracts on the commercial and public market (21%), lack of interest in social cooperative problems on government side (14%), complex legal regulations (12%), limited number of organizations supporting social cooperatives (4%). When asked if the present legal regulations support social cooperatives' development, 56% of the social coops say it does, and so 44% think it doesn't Although this data comes from 2010, and as we note earlier in the paper, there has been significant growth

[3] National Court Register data from 29 Sept 2014

[4] We provide the data on the two provinces, out of sixteen main administrative regions in Poland, as the data we collected in the study comes from five social enterprises from these two provinces.

[5] The sample consisted of 112, as the number of social cooperatives in Poland at the end 2009 was 289. This survey was made between August and October 2010.

[6] Other determinants are: individual decisions and opinions of members starting the cooperative (more than 13%), ownership of particular resources (11,3%), the use of existing business idea (9,2%)

[7] Other reasons include: common representation for contacts with public authorities (11%), being a member of NGO network (7%).

in social coop numbers in the last years, this preliminary data shows that social cooperatives in Poland are rather small, almost all constituted by natural persons, and member educational background and skills are important factor affecting the choice of business activity. It is quite common that they collaborate with NGOs via sharing experiences and information.

The underlying reason for the dynamic growth in the number of social cooperatives in the recent two years, is that Regional Agencies for Social Economy Development in Poland implement regional strategies and programs for social enterprise development, and have supported the social enterprise set-up via public money, European funds in particular. These funds are aimed to fund work-places for newly-established social enterprises. And they have proven to be a great incentive for individuals that are socially or economically excluded and have worked as considerable financial support for social cooperatives' start-ups in Poland. Year 2014, was a last year, when structural funds could have been redistributed and spend in the last programming cycle 2007-2013. Therefore, one should be aware that many young social cooperatives have received a significant financial support for the start-up in the last couple of years. Potential cooperative members go through selection and coaching program, before final decision of support is given by regional agency of social economy development. Later, at nascent phase and after the start-up, some of them are admitted a business mentor who works with the social coop on regular basis during the financing period.

4. Institutional framework for social cooperatives in Poland

Polish social cooperatives are based on the models of social cooperatives in Italy, named work integration social cooperatives (type-b). they are aimed towards social and economic integration of individuals who are endangered by social and economic exclusion. Social cooperatives as a legal entity were established in in 2006 (Act, 2006). This legislation followed tools and measures regarding social coops in countries like Italy (case of social cooperative type B) when Poland joined EU. Their defined aim is to serve the purpose of social and work integration of the marginalized groups[8]. Social cooperatives work towards social and work reintegration of their members, via creation of new workplaces to help them return to the labor market (Act, 2006). The minimum number of members is 5 and maximum is 50[9]. And social coops can be established by natural persons as well as legal persons such as

[8] These marginalized individuals are in danger (or are endangered by) social exclusion, and consist of the long-term unemployed or the ones with a low employability, the physically or mentally disabled, other marginalized groups such as the homeless, the addicted to alcohol or drugs, ex-prisoners, refugees

[9] In case of legal person the minimum number of members is two.

non-governmental organizations, local government units and other. Their main purpose is to run business and at the same time they can provide social activity, organize initiatives that serve members of the local community, provide cultural or educational services, public benefit services.

The main government support measure for social coops' employment comes from National Employment Fund, that distributes grants for each individual member setting up a social cooperative that equals average income from employment in Poland multiplied by four (and for other members joining the cooperative after the start-up, multiplied by three). Also, the disabled who are registered as unemployed can receive a grant for start-up contribution (each member needs to put in their membership contribution) that is not higher than average income from employment in Poland multiplied by fifteen. Also there are many social security benefits where social cooperative members do not need to pay social security for almost 3 years.

On the side of informal institutions (North, 1990) such as norms and values, preferences, there are some challenges that cooperatives in Poland face. Leś (2004) refers to work by Münker who discusses 3 different crises that cooperatives (as a very heterogeneous group) face today: environment, identity, efficiency, when Brzozowska (2012) adds past-times, present times. Past-times crises leaves a label on cooperatives that are regarded as a legacy of communism, when they were used as one of the instruments of the state control over society and economy. In present times, there is a large reliance on individual success, low levels of social capital. Also the environment, politicians, the public, entrepreneur do not display much appreciation or acknowledgement to the role of cooperatives. Also, because of pursuing both social and economic aims, cooperatives happen to move towards achieving economic aims, therefore moving away from the social ones. Although social cooperatives are a young breed of cooperatives in social enterprise landscape in Poland, one can imagine that the crises distort the image of social cooperative, although we do not have any empirical evidence on that.

Authors point that despite the enormous - eight-year effort - the government has not introduced and implemented the Act on Social Enterprise (Ciepielewska-Kowalik et al, 2014; Schimanek, 2013). This regulation does not create a separate legal entity such as social enterprise, but allows for limited companies, joint-stock companies, different kinds of cooperatives including social cooperatives, receive a status of social enterprise that would bring many benefits such as reduced property taxes, reductions in corporate taxes, and other (see more in: Projekt, 2013). Following Schimanek (2013) we claim that this works as

evidence of weak formal institutions, as there are a lot of discussions and disagreements on the size and type of the proposed benefits given to social enterprises, the disagreements reflect the diversity of interest parties or constituencies, who for the last 8 years have not worked out a common stance on how social enterprise should be supported in Poland.

Poland, as a transition country, has gone through significant restructuring and institutional reforms for last 25 years. They have created complex, still often ambiguous institutional framework. The present legislation that may regulate or regulates the workings of social cooperatives is very complex and burdensome. It requires expert knowledge and skills in accounting, in issues related to the employment of the disabled – as it is supervised by separate regulatory national agency. Social cooperatives who want to receive a status of public benefit entity, or Sheltered Employment status (that gives even more privileges to the enterprises employing the disabled) or get funding for the employment of the disabled from PFRON. The very Act on Social Cooperatives contains several flaws and inconsistencies. Also, social cooperatives lack access to external funding (except for TISE[10]). And like we mention earlier, the grants that individual members receive for a start-up or later require detailed documentation. What is often measured as a success is not the success of the enterprise but the completion of paper-work and successful results of working with the bureaucracy. Social entrepreneurs, as we inform earlier on the paper, give negative evaluation of existing institutional framework. Some recent reports (Raport, 2010) show that external funding, apart from non-returnable grants is almost non-existent. In 2011, one social cooperative in Pomeranian province was financed by a private enterprise, in other cases, these were public funds from EU, local authorities, Employment Agency Fund (ROPS 2012). Social cooperatives to a very limited extent, financed their operation from their own funds. So the question is what is going on there? One should acknowledge that social cooperatives have limited market experience. Also, members themselves, because of their lower educational background and skills, display low level of understanding of the requirements of the existing institutional framework.

Therefore, it is intriguing to see how these social entrepreneurs, namely entrepreneurs from social cooperatives respond to unfavorable, challenging environment, how they deal with internal and external resource scarcities, how they cope with complex, underdeveloped institutions

[10] TISE is an organization (as a part of a bank Credit Cooperatif) group that provides loans for NGOs, social enterprise organizations. They have supported them since 2008, using own funds and as of 2013 they work as an intermediary for public funds, via ES Funds program.

5. Methodology of the research

The authors have undertaken a research project among social cooperatives and their representatives in Poland to trace their entrepreneurial behaviors. The authors have done 2-3 in-depth interviews with each social cooperative representative, depending on their availability[11]. The representatives are members and presidents/vice-presidents who participated in the set-up of the coop. Each interview lasted between 1,5-3 hours. Also, about 20 hours of observation took place on the premises of the cooperatives. This is an ongoing research project and the data collection process for this particular data started in 2012. The five social cooperatives come from Northern provinces in Poland: Warmian-Masurian province and Pomorskie province. We have selected cooperatives that are more than two years old and are active (not just registered) - run business on continuous basis, employ other members. In the paper, we change the names of the respondents and cooperatives to hide their identity[12].

We decided to employ constant comparative comparison approach to study data collected during multiple interviews made among representatives (presidents and vice-presidents) of five social cooperatives. Our preliminary coding of the data allowed for generation of 251 codes leading to the construction of three general, extended categories that we present later in the paper, while theorizing on the entrepreneurial behaviors. The authors undertake an attempt at reflecting, exemplifying, understanding different entrepreneurial behaviors as a response to challenging institutional environment and resource constraints in transition economy context among social enterprise organizations. Some of the existing theoretical categories have been used for the purpose of the data analysis process. And although our approach is not purely inductive, we agreed that constant comparative method allows us to do so, and yet bring on more highlights from the data to extend the theory in such novel research area in the context of transition economy, and resource scarcity typical for social entrepreneurship.

[11] It seems that one of the drawbacks of the study is that we do not draw on the more collective processes inside the social cooperatives and we have not managed to present the other cooperative members' perspectives.

[12] We assume the new names may sound artificial and odd. The real names of the cooperatives display their mission and identity very well, so we used new names. The authors wanted to make most effort to make the respondents comfortable and not use acronyms that would make the reading of the paper less fluent.

6. Respondent and social enterprise characteristics

In this part of the paper we would like to briefly introduce our interviewees and the social cooperatives they represent (Table 1). The two females Greta and Maria, from AGE, are in their 60s. They both met at the Amazon association for women who went through cancer surgery and following treatment. They are very good friends. Greta has worked as an accountant for many years, is a very natural and easy-going person, born networker. Maria is a bit more shy, less talkative, she did not work too much before the cancer therapy because she was a housewife, and the cooperative involvement is more for her social integration and retirement benefit. AGE is situated in the main city of the province. They have received a couple of awards for social enterprises in Poland. As a cooperative they are small because there are only 7 members there. But they are very well recognized among social economy organizations and by local authorities. In their activity, they do cleaning, leaflet distribution, social care, organize study visits. Another cooperative is run by Victor from BEST. Victor has a vast experience of working in the third sector and just like in the previous case, BEST is well recognized in the local landscape of one of the biggest cities in the area. BEST is set up by legal person, an association where Victor is a president and an Association for Blind people. There are family members – Victor's wife and father, working for the cooperative too. His wife is in the management board. BEST provides catering for business and local authorities – for example for people who are receiving social care. They also organize wedding receptions, and provide catering for seasonal camps. They have recently hired a space in business incubator to run a small bar there. Victor has vast plans of developing the coop, but as he feels burdened by being involved in so many activities, is about to quit the management of the association and focus more on BEST. Another coop we analyze is run by Matthew. He has a vast business experience and is very knowledgeable in the complex regulations for the employment of the disabled. He is currently president of CENTRE, but he is making moves to open up another two social cooperatives. CENTRE's main premises are in a small local town, with a very high level of unemployment rate. The members are people with long-term unemployment background, the ones with disabilities. CENTRE's activity is diverse. They manufacture and sell candles, sell car parts, provide confectionery and packaging services, do office cleaning, ironing. CENTRE also employs many more people without member status throughout the whole Poland. The next coop is represented by Andy and Alice. Andy has a long experience, of work, mostly as a volunteer, in different NGOs in his town where he made friends with other young people, looking for a direction in their lives.

This town has always experienced large unemployment. In the recent NGO, where he worked, there were some financial disagreements he had with his brother so he finally quit. GOOD involves people from different backgrounds, there is a former alcoholic, who runs his own carpentry in the coop now, but also there are people with advertising agency, fire dancing shows, bakery shows and other. Andy seems to appreciate and welcome people who have gone through harsh moments in their life. He is also a manager of a local business incubator and he is well know the community and even on a larger scale. The last is ELKA, established by legal persons, where one of them is an organization where his disabled son belongs. Rome is more than 65 now, he should retire but has problems finding a successor. He works for free. He is really worried about the future of the cooperative, i.e. future of the people, especially the disabled and those with previous unemployment, because the coop is not doing well in the business. They do the caring services, and laundry services and this is largely seasonal activity (Table 1, Table 2).

The motivations to start the social cooperative lies in the interest of employment opportunity, as we elaborate earlier when we discuss legal framework for social cooperatives in Poland. But a closer look to the roots of the start-up makes an interesting introduction of our interviewees . Greta and Maria were employed until they had to go through cancer therapy and finally received partial disability status, became less physically resilient and found it challenging to return to labor market, especially on full-time basis. Rome [ELKA], has a disabled son, and thought it would be more convenient to establish a cooperative where he and his son could work, instead of trying to combine full time job and full time care for his son at the same time. In case of Victor and Andy, they had had extensive experience in working and volunteering for different non-government organizations, and in the end, kind of social activists, that realized that they could combine their social activist preferences with full time work. Also, in this way they could follow their passion and interest. Needless to say they found themselves in situations when they needed proper employment because of challenging situation in their household. Like we mention later in the paper, all respondents have had extensive contacts in the third sector, even in some cases with local government officials and administration. They were/are strongly involved in other non-profit organizations that partly lead to the start-up of the cooperative like in Victor's [BEST], Greta and Maria's[AGE], Andy's [GOOD] case. One should emphasize that some speakers display large experience and professionalism in the legal and accounting standards [Greta-AGE], regulating how social cooperatives and enterprise activity works in Poland. This is particularly relevant for Matthew [CENTRE], who provides legal training and workshops for other cooperatives

throughout Poland.. Matthew [CENTRE] is the only one, who apart from working for third sector, is an experienced entrepreneur. The representatives are well recognized in the local area for their contribution to the society and economy, and use regularly different micro social structures.

Table 1 Interviewees' characteristics

Social cooperative name	Interviewee name and role in the social cooperative	gender	Interviewee age (approx.)
AGE	Greta (president) Maria (vice-president)	female female	60, 60
BEST	Victor (president)	male	50
CENTRE	Matthew (president)	male	50
GOOD	Andy (president) Alice (Andy's wife, volunteer)	male, female	30, 25
ELKA	Rom (president)	male	more than 65

Source: authors' own

Cooperative members have joined forces or joined the cooperative at a start-up or later in different ways. They are friends that have gone through cancer treatment and invited other friends with unemployment to join them like in the case of AGE , or family and friends who struggled with lack of employment too, some members were strangers completely excluded

from society and labor market [GOOD]. But in case of BEST and ELKA, the leaders have invited members with disabilities who worked or were taken care of in other associations for people with disabilities. In CENTRE case, the president made a recruitment, obviously keeping in mind the challenges and disabilities of the members.

To evaluate the business situation (Table 2), BEST and particularly CENTRE are professional enterprises that compete on local and even country scale with business enterprises. CENTRE grows in size, has already spinned off into another two social cooperatives. On the contrary, AGE and GOOD do no grow in size or membership. Their focus is to help themselves, where AGE has a varied business activity adopted to individual member's skills and abilities, they do not introduce new products, search for other ideas of business activity. GOOD, on the other hand, although not growing in members, uses their art and creative potential, and comes up with very original and innovative business ideas like fire-dancing workshops and events, bread-baking workshops and events, carpentry of second-hand furniture. The current situation of ELKA is really unstable, as the president is getting weaker, and has no idea about the future and succession of the cooperative to someone else

Table 2 Social cooperatives' characteristics

Social cooperative name	Establishment year	No of cooperative members (no of all employed)	Social coop member types	Type of business activity
AGE	2007	7 (7)	Natural persons	Varied:
BEST	2010	8 (15)	Natural and legal persons	Catering; wedding organization
CENTRE	2010	15 (81)	Natural persons	varied
GOOD	2012	10 (30)	Natural persons	varied
ELKA	2009	14 (0)	Natural and legal persons	Laundry cleaning, care services provision, cleaning services

Source: authors' own

7. Data analysis

The in-depth analysis, based on observation notes and open interviews, allowed for preliminary coding of the data and generating codes using N-Vivo. In the first stage of coding, we generated 251 codes that have finally been reduced to three main categories. As the authors were acquainted with the literature before the data collection and analysis process, the presented categories, reflect what the theory says about the entrepreneurial behavior in environments that are resource poor and of poor institutional framework quality. Nevertheless, these categories are extended, presented in the new context and we emphasize how they pervade one another

7.1 Networks and networking

Personal contact networks grow on the basis of entrepreneurs' experiences in the job market and also in the volunteer activity in the environment, particularly for social enterprise organizations**.** These relationships display high levels of trust, as actors make recommendations and help one another in critical situations (See more: Starnawska, 2014). Rome [ELKA] says:

> "*One women* (she is a vice president in ELKA now)*, you know, when we worked in this regional association, she has prompted to me* "sir you should go to this penitentiary place, they can provide services without bidding in public tenders". *So I went there, met the manager and begged him on my knees to take this job from me because we were so rushed for time, and he* [this manager] *says*: " find yourself workers you need, send them to me, I will subcontract them".

The recommendation of Rome's colleague, to contact penitentiary manager, so that Rome could deal with stiff regulations and red tape, finish his works on time in a critical situation is only possible thanks to the contacts and recommendations he gets from personal contact network. This solution is partly informal and leads to evasion of stiff regulations and shows his adaptability.

Also, the network strength and internal community experience is important in critical situations. Greta [AGE] reflects:

> „*I know that we were more cheerful in a group. (…) we know our constraints. Our own needs etc. and this somehow integrated us, held us together and I know that one thinks*

that cancer is a serious thing and we never know what happens next with us, and when I when I feel worse and have this responsibility of working (…) when one of us feels bad, there is always the other one that will substitute for the other."

So the cooperative members help and substitute one another, in case of lack of disposition, worse feeling. AGE is a case where there are only 5 members and nobody else is employed. The community feeling is very strong, they know one another very well and run the cooperative democratically. Greta says:

"*We have these meetings once per month. For the cooperative premises is my home. Once per month, some kind of catharsis. You know what each of us has and hasn't done, what plans we have*" .

This familiarity leads to a lot of informal actions within the enterprise and a lot of flexibility in response to problems. Greta adds:

„*the fact that we stick together, I think it is something missing in other cooperatives. We (…) are like these monkeys in the ZOO*"

There are also strong ties in GOOD case. Not only because Andy's family are members. Andy has helped some strangers to go out of their severe private problems:

„ *so this is the place of work that is particularly heavy for me. Particularly me. I need to be big, and I do not need to be a president employed on a contract. I do not take grand money for my bakery business activity. Just a little bit, so that it was fair, because I have a full time job in the social business incubator*".

So what Andy does is that although he puts a lot of effort as a president of the coop and has his own activity, especially in summer season, there, he reduced his salary, because he thinks he earns enough in the business incubator. This shows how important strong ties between cooperative members are, how it substitutes to resource constraints they face on the daily basis.

Matthew, the president from CENTRE mentions continuous gossips he wanted to

eradicate. He says:

„You know we had such members, for example they never liked anything. But you know. It depends on personality (…) but other members talked to them, and cut them short".

So there are bottom up attempts to build this commonness together and it is not only the president or other responsible person that makes attempts at making it more familial and one place for all.

- Not always coop members understand and want to build something together Victor gives an example, how the sense of togetherness was interpreter by the coop members:
- *„ You know, it is just that's the way they are, because it belongs to them they feel they can take home from the magazine whatever they want. Because everything is common. It is ours. That was the approach we tried to get rid of".*
- For him not all employees care for economic and social interest of the organization. It is the case where some of them have significant disabilities and are not members of the coop, because legal persons just like in case of ELKA or BEST – associations working for people with diverse disabilities, gave them employment opportunities there. Then, a strong leader, president is needed, who makes independent decisions.

In case of network dimension meaning building relationship with the environment, what seems to have important role and be determinant of how social entrepreneur networks look like, is their previous work experience and their previous activity in social economy, or among non-government organizations. This way, it is evident, speakers have managed to build their own personal brand, good reputation in local communities and utilize this for the purpose of the cooperatives. Greta [AGE] says:

„ and today all these contracts we have, I am sure that it is M. (…) the former prime minister and the president of the association for cooperatives. And when one is open then suddenly it turns out that we have such a good deal" .

Greta's cases exemplifies how this leads to further contracts and in BEST case how Victor's good contacts with local clerks and politicians gives access to information on new public contracts in advance, or that public contracts are deliberately designed for contracting out to BEST. Victor previously worked for two NGOs in the same area is a well-known entrepreneur. Greta, has also been very active member of the Amazons association and she previously worked for other organizations employing the disabled. Victor provides examples, when local officials secured a budget for such a contract, based on informal communication and agreements with him so that the disabled BEST employed could have some further employment opportunities. „*The city* [the local authorities] *(…) gave money, this was secured for me, for this particular activity"*.

Victor also made sure that special contracts for social enterprises were introduced into the administrative system. The local authorities never did it before, but knowing Victor and the social cooperative activity, contribution they make, they decided to use the system of preferences in public tenders for social enterprises. Like we claim earlier, informal networks is one issue and the other issue is the trust and reputation that builds on the social enterprise organization because in solves social problems. Greta [BEST] freely speaks about how other member from the coop prepared a layer cake for the city vice-president . „*You know this layer cake we brought to the president, for some special occasion when we won this competition and we did not expect to win at all (…) he was so happy about this, cake*".

Also good business experience and diverse contacts that Mathew [CENTRE] has, secures many contracts for the social coop and employment stability, good market position. Mathew has previously worked for other organizations such as housing cooperatives, ran his own enterprise.

So the social cooperatives capitalize on the diverse, strong, informal social networks, of their representatives in particular. This diversification, informality comes from their diverse experiences and activity in third sector, also among social enterprise organizations in particular. What this means is also, that some boundaries are blurred. Some cooperatives are directly linked to other NGOs (like BEST, ELKA) or indirectly (like CENTRE, AGE, GOOD). So they enhance for mutual collaboration for the employment purposes, for contract acquisition, for reputation building. Informal networks give access to information from local officials on forthcoming public tenders. In fact officials themselves design some public tenders with special treatment for social cooperatives, keeping in mind particular social cooperatives [Greta-AGE, Victor-BEST]. Also good networking with other entrepreneurs

secures contracts for the cooperative CENTRE, as Matthew is a well-connected businessman. In fact, Matthew talks about hostility from other entrepreneurs on the local market, as he is considered as a competition. We asked him how he is perceived with the coop in the local community. Matthew answers:

„*the local governor, is always trying to put us somewhere* [advertise, promote] *because you know, this is also his initiative that we were started but I will say one thing, I avoid it. I do not want any media. There, far away from us, in the city, that is OK. Where we are absten everything is OK. We are not know somewhere there, and over there I do not disturb anybody in the business. But here, I will say it is a competition. That I am a competition for other businesses. They would poke their nose, poke, straight away*".

His broad and diverse contacts reach much further beyond local town, where the social cooperative is regarded as a competition for others. And far away is where he capitalizes on the networks.

It is interesting to see, that following the theory, networks ease and give access to the required resources (people, premises, office, equipment etc.) But at the same time the use of networks indicates boundary blurring and diversifying behavior.

7.2 Boundary blurring

The boundary blurring in social enterprises manifests itself in three dimensions. In in all these three dimensions, this helps our speakers to access resources very often otherwise unavailable, takes place in informal economy as unregistered activity. Informal dimension also means the overlapping between the entrepreneurs personal and professional life.

Victor [BEST]:

"*we, here, make do in different ways, it is because this association* (which is the founding member of the cooperative and where Victor has been a manager for a long time) *is here, there are security guards, there are people who supervise the work of the disabled* (they work for the association too) *so we have a little bit of these human resources and we can take advantage of that. But one can use it from time to time, for a while, but the whole year? I can see that these whiles happen too often, and we are not really able influence people. We do not want to overload the people without disabilities. After a*

year of work they also deserve a holiday".

Also Victor adds:

„the association and social cooperative are independent, they are linked by this place. We (cooperative) *sell them our meals and hire out the camping houses for them* (association)*".*

This is somehow, the boundaries between the association as a founding member of the cooperative and the cooperative blurr. Again, many if these activities are not registered and do not need to be registered at all – like in case of external effects of security

Clearly the premises and resources of the association are also used by the cooperative.

Also Rome [ELKA] when talking about present situation and plans says:

" *the employment? I would leave it just like it is. I would like to employ the people who are cooperative members but do not have employment, I could not give them the job contract because I had to have money for organizing the job position*".

Earlier in the paper we describe that social cooperatives can be supported by the Employment Agency, for organization of the job position. The cooperatives can buy necessary equipment – in ELKA case it was laundry equipment- but ELKA cannot afford to employ these members and so they are just members. Rome says:

"not all members are employed then (…) you know, the whole management (Rome and the vice-president and third board member) work on voluntary basis".

So people, in the board work for free, they acknowledge the severe resource situation and use their time, private resources for contribution to the cooperative. For example, Rome asked a nephew to lend him a car to do large shopping for the cooperative building renovation, and the car got stolen and the cooperative could not do any refund for that. Also he works as a driver with no compensation while driving the disabled home from the cooperative setting.

Also, we ask Matthew [CENTRE], a well-connected social entrepreneur, why he is

splitting the current social cooperative into two-other cooperatives. Matthew answers:

> "*In this one, I will keep all the benefits and privileges I get for giving employment to the disabled till the end of this year, in the other, new one I will get again kinds of benefits, for another two years*" says Matthew. And he adds "*and the third cooperative (…) will be able to do it again*".

Matthew is able to move cooperative members, employees from one cooperative to another new one. He understand all the legal regulations and is able to take advantage of the benefits given to social cooperatives. Even though the three coops would be separate enterprises, the boundaries are clearly blurred as Matthew seems to treat them as one large enterprise. Matthew [CENTRE] comments:

> *" I treat it like a normal enterprise. As if they worked in one place. (…) and they know that if they do not work, the enterprise may fail. I always explain it to them. (…) I search the market and I say that if anything collapses, on needs to make quick movements, my hands are not bound. I have three enterprises and I can shift people from one place to the other. (…) You know, our country is like that, everything is so mixed. No stability here, you know that these regulations happen to change every single moment*".

One of the opportunities we had, the second interview with Andy and Anna [GOOD] that took place at the university, knowing that they would be coming shopping to our city - Gdańsk. After the conversation they asked us to provide a university stamp on the official documentation that Andy had, so that he could get a refund for the business trip for himself as a manager of Social Business incubator in his town. Andy was planning to visit a large shopping center in our city where he planned to purchase some equipment for the cooperative. This clearly shows that boundaries between the two places where Andy works are blurred, and this happens through informal channels, where institutions are evaded, and the resource scarcity overcome.

It is also interesting to see how Andy describes how his wife Alice has become involved in the cooperative:

> *„Alice, at the very beginning, worked as a marketing and sales manager, and it really*

worked very well. We found a great intern and Alice jumped to the incubator (where Andy is a manager) *but she is in a volunteer here now somehow (in the cooperative)".*

So for Andy it was just a matter of Alice 'jumping into' the incubator. So Andy's involvement in both business incubator and social cooperative determine Alice's involvement too.

But also the coop uses the premises of the incubator on special rights – get reductions, use incubator rooms for free, on unregistered basis. Even more, people who worked with Andy in NGO association before he started the cooperative, and later because of some conflict of interest withdrew, are also involved in cooperative activity today.

Andy and Alice [GOOD], while providing the overview of the activities in which all the cooperative members are involved, give examples of advertising activity, dance schools, that use the social business incubator space for this. They obviously receive benefits as social enterprise organizations, like in the office organization but also in his narrative Andy talks about the trust he gives to the cooperative member responsible for the dancing school and understanding, when at the beginning of the activity dancing school youths destroyed the interior of the incubator:

" *You know, these are youths, they are marginalized , must remember, I told them that they fix everything from then on otherwise the school is closed for them*"

Boundary blurring is also evidence at the intertwining of social entrepreneurs' employment (professional) life and personal life. Rome [ELKA] recalls:

" the accountant (vice-president) *says to me* „Rome, I cannot do it anymore"*. You know she is already retired, partly immobile, I am not surprised, she has helped me for so many years, Last year we gave her 500 PLN* (per month, equivalent to 125 Euro)*, so she comes here and I do not know if it covers the fuel (…) do you believe? We bought a car, and I use this car and drive twice a week because we have no driver. To employ a driver, you need …. Will someone come to work as a driver for 1,500 PLN* (*equivalent to* 375 Euro)*? You need to have at least 3,000 PLN. So I drive for them for free to reduce costs. (…) can you imagine I had to guarantee the cooperative using my own private sources?"*

Similar situation took place in BEST. They made an application for a loan that was rejected because one of the local cooperatives from the area did not pay back a huge loan and the Fund became more sensitive and suspicious as Victor comments:

"Our application for a loan was rejected, although we are good client for Polish American Loan Fund and they know me pretty well (…)*So they rejected us but finally gave us the loan. I did something against myself, that I should not do. But because my intentions are clear and I was entirely convinced that what I do is right … the point was that this loan was to be personally guaranteed and we, as board members, we had to involve our families here, and they had to agree for that. We were given no choice and did it against ourselves. As it mixes personal with private life*.

Greta [AGE] talks about AGE premises.

" *yes we use my flat for an office. You know, as an accountant – to be saving, and second it is my nature. I would prefer to spend it on a party rather than spend money without any sense. So it seemed to me, such costs (office), office is not really necessary in this type of activity. So I, and all of us, we have treated the cooperative as our own.(…) It is really frugal enterprising, I would say, so female*".

But on the other hand Maria says that they have to formal possibility or registering the cooperative in one of the member's flats and they had to apply for the special permission.

This use of own flat, for the office shows how familiar and familial the cooperative is.

This boundary blurring happens between social cooperatives and other organizations (such as NGO where Victor, Andy have worked), other social cooperatives like in CENTRE case; other social enterprise support organizations like Social Business incubator where Andy is a manager, and also between professional and personal life, as well as between registered and unregistered activity. We should emphasize here that it is even difficult to separate these dimensions. Unregistered activity, requires efforts in professional life at the cost of personal life and takes place at the intersection of the cooperative and other organizations where our speakers are involved. The boundary blurring is similar to other concept of institution evading as proposed by Henkerson and Sanandaji (2011). It is in the nature of social entrepreneurs, to operate in the informal, shadow dimension, for the purpose of the social cooperatives. More,

it makes resource access more flexible, quicker, comfortable.

7.3 Diversifying

Our data shows, that diversifying takes place at the level of social entrepreneur as well as at the level of social cooperative. These two processes relate to portfolio entrepreneurship. Like we discuss earlier in the paper, the latter is the case in the social cooperatives because usually, the members and employees of social cooperatives have experienced long term unemployment or marginalized, possess disabilities and their skills and competencies are not competitive on the labor market. Therefore, social entrepreneurs choose the kind of activities that are safe, do not require professional training.

For example, in case of BEST, there is also a wide array of the projects that the cooperative runs. These projects determine the cooperative's pluriactivity. Victor says:

> "*we have a pretty good understanding of what can happen here* (in this city) *in social economy domain. So we know what we should prepare for. So we are able to train people to prepare them for the new job that is not related to working in the kitchen* (for the catering they provide)*. We were supposed to run 4 workshops, and of course other project tasks, one on cleaning, one on kitchen work, one on internal decoration and in the end we had to give up one of them, and now we want to find people who have talent and skills so that they could* ".

As a funding opportunity comes across, Victor is able to train and give other competences to the employees/members. This proves adaptability and extends the diversification of business activities.

In some cases, the diversity reflects core hobbies and likes of the members.
Ann [GOOD] says:

> *„everyone has their business to do. And if they need someone for help, they talk to other members, employees. So there is no problem with that, (…) and everyone has their own part they do best and looks after it."*

Andy adds:

"You know I think that at the beginning you can see how it works, what is real is effective. As a part of the cooperative we opened an Institute of Julius Verne whose mission statement is entrepreneurship is a journey" because each of us moved to this entrepreneurship in a different way. It is not that someone was nominated to do something (…) *even this agency where I think we put most of the money (…) or cash for Photo studio, the studio is in the basement and nobody is looking after it anymore, because It has turned out not to be such a good business. Or this advertising agency – if K.*(one of the members) *did not get another external donation, if he did not get the space from the incubator for free, if we did not give him this fire dancing*".

Andy clearly indicates that is important for each member to realize their passion even if with time the idea does not prove to be profitable.

We should also recall the case of AGE cooperative, where each of the members follows the activities she feels most competent, and that are not too tiring for her. In case of bigger cooperatives there is deliberate approach of diversity to secure the stability of the business. We cited Matthew [CENTRE] where he blurred the boundaries between the social cooperatives he has established but also in the original CENTRE cooperative there is a large diversity of activity from confectionary and packaging services, car part sales, ironwork, cleaning and candle manufacturing. Matthew himself finds it hard to recall all the activities as when he speaks about them he makes more pauses and comments: *" what else do we have here, what else …".*

This diversity does not reflect the members' competences, but is rather the effect of good understanding of the market needs and the choice of activity that does not require specialized skills and training. Also, it needs to be safe for the disabled members and other employees.

It happens that the representatives of the coops apart from their main activity are involved in other jobs and volunteer activities. Maria [AGE] does some cleaning, distributes leaflets:

"I have no more capability to do. If needed I also look after other people in case of need ad hoc. I have also became a volunteer on behalf of Amazon women, I attend women

after cancer operations in hospitals. I am also a member of an advisory council for the local government and this juror for the court".

This narrative indicates a clear movement out of social and economic exclusion. In the meantime, during the conversation she answered about 3 phone calls regarding the cooperative activity "*this is a crazy day today*", she comments.

This diversification of members' activity is not only on the multitasking but like we mention, multiple functions and jobs the social entrepreneurs hold. For instance, in ELKA, the vice-president, who works for free for the cooperative works at the same time as social care worker. We also report on Victor earlier on the paper, while presenting category of boundary blurring. Victor holds two positions of a social cooperative president, and manager of the association that has established with other legal person BEST cooperative.

But diversification in case of CENTRE relates to the number of cooperatives that president has set up. Matthew [CENTRE] describes it:

„ In Środa (town in central Poland) I have twenty people there. In the south I have 30 doing job on the manufacturing. I also have people in Człuchów and Czersk. They do cleaning – that will be in Warsaw. Cleaning and security service – Warsaw, Lublin, Piła.Now I am overtaking one whole enterprise. Security service with cleaning. I have a man who will manage this. He is prepared".

Matthew's description seems confusing. And it does not really matter for the reader to understand what business is done where in Poland, but we should remind that Matthew has been setting up social cooperatives and employs people, not necessary on the member basis in all of them. He seems like an entrepreneur, also because he speaks about his firms. We can assume, that Matthews competence, proficiency and knowledge in all regulations concerning the social cooperatives, the employment of people with disabilities, makes him perceive the environment as a see full of opportunities. So for him the complexity and resource scarcity is not a challenge, but still Mathew uses boundary blurring strategies and networking, pluriactivity to sustain his ventures.

8.4 Networking, diversifying, boundary blurring – theorising on entrepreneurial behavior

The analysis of the data, based on the constant comparison, allowed us to broaden existing to categories of entrepreneurial behavior i.e. ***BOUNDARY BLURRING*** and ***DIVERSIFYING,*** encompassing entrepreneurial responses to challenging, resource scarce environment. These two categories intertwine together, and are determined by ***NETWORKING*** just like they determine networking as well.

Networking as a deliberate tool but also as social mechanism inherent in business and non-business interactions, can be linked with **diversifying**, **pluriactivity** among social cooperatives (Figure 1). Strong ties between cooperative members, put the employment as a priority. Therefore the choice of business activity of the social enterprise varies, according to individual member preferences, abilities and competences like in AGE or GOOD cooperative. Greta from AGE says "*we are like these monkeys in the ZOO, you know*". Also, often low skills and educational background, disabilities of its members and employees, require decision makers to diversify into whatever is simple, does not require advanced training and is safe. Matthew [CENTRE] is on a constant lookout for opportunities adopted to such requirements.

More, presidents of the cooperatives are well-known in their local environments [Matthew, Greta, Victor, Andy]. Matthew is a networked man, and his business and social economy contacts add to contracts he gets for CENTRE. Also, the representatives have other occupations at the same time [Andy, Victor, Matthew], more - as activists and volunteers [Greta, Maria, Andy]. This extant multitasking at the level of social entrepreneur provides more opportunities for the social cooperatives and leads to the diversification of cooperatives' activity.

Figure 1 Networking and diversifying

Source: authors' own

Diversifying encompasses **pluriactivity** of the social cooperative, which provides a variety of services, goods that are not necessarily related to one another at all. But also, it works on the level of the social cooperative president or other representative in their multitasking in the organization, and outside like multi-activity - often working on two full time job contracts, or engaging themselves for social, public goods as volunteers.

Networking is also related to **boundary blurring** (Figure 2)**.** It is particularly evident when Rome [ELKA], Victor [BEST], Andy[GOOD] talk about their work and volunteer experiences in different public organizations, NGOs in particular. Boundary blurring adds to building social entrepreneurs reputation. They are considered as active personas in the local communities and gain trust from many stakeholders.

Figure 2 Networking and boundary blurring

Source: authors' own

Boundary blurring, is exemplified at different levels. It is not only blurring between public and private sectors supported by good informal links with officials, clerks, as reviewed in the literature on strategies in transition economies. Boundary blurring encompasses overlapping of social cooperative activity and other NGOs. These NGOs are founding members of the cooperative, for example [Victor, Rome]. But also our speakers report their work experience or present employment and these organizations [Andy, Greta]. Therefore, very often business networks are created, and the social entrepreneurs make do with the resources from the other organizations, as they are at hand. They are sometimes available for free like in the case of security guards working for the association and at the same time social cooperative taking advantage [Victor – BEST], or for example GOOD, which uses social business incubator run by Andy, when they do it very often on unregistered basis. So more, there is another dimension of boundary burring where registered and unregistered activity intertwines. Another important dimension is boundary blurring between, is also related to

unregistered activity but is more characteristic entrepreneurs. Our social entrepreneurs combine professional and personal life. They do extra hours, sometimes get unpaid for their work, and use their own personal assets to get loans and grants from external sources [Rome and his colleague-ELKA; Andy-GOOD]. This can also be referred to financial bootstrapping strategies.

Consequently performing **multiple** functions by the social entrepreneurs, apart from their contribution to the social cooperative, especially when they hold other employment positions, mean **boundary blurring** between the cooperative and NGO or organization they work for. But also, allows them to contribute more to the social cooperative, without additional pecuniary rewards [Victor, Andy] (Figure 3).

Figure 3 Boundary blurring and diversifying

Source: authors' own

Andy's multiple functions [GOOD] as a president of the cooperative and as a social business incubator. Clearly mean a blurring between the two organizations. The same case is in BEST, where Victor uses resources of the association and the other way round. Pluriactivity of the cooperative and multiple activity of the entrepreneur makes the boundary blurring easier. These two processes seem interconnected. Our social cooperative representatives make do with the resources they can control, while capitalizing on resources of other network partners with which they blurred boundaries, and when entrepreneurs diversified their activities.

Entrepreneurial behaviors, as evidenced from the interviews with social entrepreneurs and researchers' observations, naturally emerge as a response to challenges of weak institutional framework and one of its dimensions is resource poor environment. It seems

inherent that resource scarcity and challenging institutional framework lie in the very nature of social entrepreneurship.

9. Summary

Although there has been significant financial support for social cooperatives start-up in Poland as of 2006, institutional framework at both informal and formal level is still challenging for the operation of these social enterprises. As social enterprises operate in resource poor environments, they face even stronger challenges.

In our paper we made attempts at taking a closer look at the entrepreneurial processes: behaviors and strategies of social entrepreneurs and their cooperatives, and what is happening between these behaviors: ***NETWORKING, BOUNDARY BLURRING, DIVERSIFYING.*** These categories overlap one another making a meaningful explanation for their behavior.

Social entrepreneurship practiced among analyses social cooperatives partly reminds proprietorship (Scase, 2003), as it is puts emphasis on enterprise ownership, job provision, consumption of profits by the owner-manager and their company (in our case members benefiting on the level of social and economic inclusion), operating usually in trade and services. Obviously, among social coops there is a complete restriction on profit distribution to the members. Profits can only be distributed to the social needs of the members, or partly to the investment. So, by law, the mission of the coop, is institutionally directed inward. But what is important is that it gives secure employment opportunities for the members. Also, there is no drive for social innovation, rather social cooperatives are started out of necessity. But it does not mean that social entrepreneurs are not trying to change the world for better, and even at the micro level, provision and job security for them and for other members, makes social value contribution to the society and economy

Although our speakers, do not clearly indicate the struggles they have as regards weak institutional framework, we assumed it would be reasonable to show how underdeveloped the institutional set-up is, and how unfriendly it is for social cooperatives, to show the transition context for social entrepreneurship development. Social enterprise itself has not been clearly defined in legislations, there is an inherent opposition towards any kind of cooperative activity in socio-economic system.

The social entrepreneurs, in their behavior exemplify strong activity in informal economy. Their strategies and behaviors require flexibility, exemplified in boundary blurring between personal and business life, registered and unregistered business activity. That is not

surprising. Like Korsgaard and Anderson (2011) posit, social entrepreneurship displays a deep social dimension not only because it solves social problems, but also because they are embedded in their social context and their behavior set there. Therefore it is also not surprising that diversifying and networking as processes overlap with boundary blurring. Without doubt, further research should take closer look at informal activities in social entrepreneurship.

It would be interesting to explore, if and how social entrepreneurship behaviors and strategies discussed here, can be similar or different entrepreneurial behaviors of commercial entrepreneurs, particularly in a transition country context, where entrepreneurs have overtaken heavy burden, as a post–communist country and social enterprise organization field has only recently started its development.

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